DEXTER COMMUNITY SCHOOLS

DEXTER, MICHIGAN

FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2007

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Lewis & Knopf, CPAs, P.C.
Serving You with Trust and Integrity

September 24, 2007

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Dexter Community Schools

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools, as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Dexter Community Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Community Schools as of June 30, 2007, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover dated September 24, 2007 on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis information on pages II - VIII, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dexter Community Schools' basic financial statements. The additional information on pages 19 - 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

As administration of Dexter Community Schools, Counties of Washtenaw and Livingston, State of Michigan, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007.

Financial Highlights

* The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $5,008,358 (net assets). Of this amount, $3,386,203 (unrestricted net assets) may be used to meet the District's ongoing obligations to taxpayers, students and creditors.

* The District's total net assets increased by $3,228,700. The increase was accomplished primarily by the repayment of bond principal.

* As of the close of the current fiscal year, the District's aggregated fund balance for the District's governmental funds was $7,255,761 or 17 percent of the total expenditures of these funds.

* The general fund had a net change in fund balance of $1,165,784. At the end of the year, unreserved fund balance for the general fund was $5,037,475 or 16 percent, of total general fund expenditures. Total fund balance for the general fund was $5,188,377.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the School District's most significant funds - the General Fund, the 1998 Debt Fund and the 2003 Debt Fund. All other funds are presented in one column as non-major funds.

Reporting the District as a Whole

The Statement of Net Assets and Statement of Activities - One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the School District's goal is to provide services to our students, not to generate profits as private-sector corporations do. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The statement of net assets and the statement of activities present information about the following:

Governmental Activities - All of the District's basic services are considered to be governmental activities, including instruction, support services, community services, athletics, food services, and transfers to other local districts. Property taxes, intergovernmental revenues (unrestricted and restricted State Aid), and charges for services finance most of these activities. These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base, political conditions at the State Capitol, student enrollment growth, birth rates, and facility conditions in arriving at their conclusion regarding the overall health of the District.

The government-wide financial statements can be found on pages 1 - 2 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds - not the District as a whole. The fund financial statements begin on page 3 and provide detailed information about the most significant funds. The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." The District's two types of funds: governmental funds and fiduciary funds use different accounting approaches as further discussed in the notes to the financial statements. In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 3 and 4 of this report.

Fiduciary Funds - The District is the fiduciary for various student group activities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

The basic fiduciary fund financial statement can be found on page 5 of this report.

Additional Information - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 7 - 18 of this report.

SUMMARY OF NET ASSETS:
The following summarizes the net assets at the fiscal years ended June 30, 2007 and 2006:

NET ASSETS SUMMARY

	2007	2006
ASSETS		
Current Assets	$14,607,170	$14,495,002
Non-Current Assets	90,432,082	92,822,188
TOTAL ASSETS	$105,039,252	$107,317,190
LIABILITIES		
Current Liabilities	$11,966,275	$12,761,724
Long-Term Liabilities	88,064,619	92,775,808
Total Liabilities	$100,030,894	$105,537,532
NET ASSETS		
Invested in Capital Assets - Net of Related Debt	(226,258)	(3,165,227)
Restricted - Capital Projects and Debt Retirement	1,848,413	2,404,541
Unrestricted	3,386,203	2,540,344
Total Net Assets	$5,008,358	$1,779,658
TOTAL LIABILITIES AND NET ASSETS	$105,039,252	$107,317,190

The above analysis focuses on the net assets. The change in net assets of the School District's governmental activities is discussed below. The net assets differ from fund balances and a reconciliation appears on page 3.

By far the largest portion of the District's net assets reflects its investment in capital assets (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets, $1,848,413, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service and capital projects. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. The remaining balance of unrestricted net assets $3,386,203, may be used to meet the government's ongoing obligations to citizens and creditors.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table above), which shows the changes in net assets for fiscal year 2007.

RESULTS OF OPERATIONS:
For the fiscal years ended June 30, 2007 and 2006, the District wide results of operations were:

	2007	2006
REVENUES		
Revenues		
Program Revenues:		
Charges for Services	$2,729,423	$2,473,034
Operating Grants	6,348,737	5,674,921
General Revenues		
Property Taxes	13,007,698	12,453,610
Grants and State Aid	22,938,916	21,964,251
Other	869,673	584,333
Total Revenues	$45,894,447	$43,150,149
EXPENSES		
Instruction & Instructional Support	19,410,007	18,493,636
Support Services	15,359,881	15,105,037
Community Services	1,140,662	1,085,511
Food Service	1,409,758	1,289,989
Athletics	734,162	667,614
Interest on Long-Term Debt	4,611,277	4,607,504
Total Expenses	$42,665,747	$41,249,291
INCREASE IN NET ASSETS	$3,228,700	$1,900,858
BEGINNING NET ASSETS (DEFICIT)	1,779,658	(121,200)
ENDING NET ASSETS	$5,008,358	$1,779,658

The District‘s net assets increased by $3,228,700 during the current fiscal year. The increase in net assets differs from the change in fund balances and a reconciliation appears on page 4.

The net cost shows the financial burden that was placed on the State and the School District’s taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of the School District‘s operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted funds are the General Fund and Debt Funds.

During the fiscal year ended June 30, 2007, the School District amended the budget of the General Fund twice and the Debt Funds once. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the School District's general fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The general fund actual revenue and other financing sources was $34,460,412. That amount is higher than the amended budget estimate of $34,190,827. The variance was less than 1%.

The actual expenditures and other financing uses of the general fund were $33,294,628, which is below the amended budget estimate of $34,618,381. The variance was $1,323,753, less than 4%, favorable to the final amended budget. Actual health benefit costs were below projected costs in the self-funded health benefits plan. Special education services required were less than anticipated primarily in the areas of outsourced physical and speech therapy services. Savings were attained in salaries and benefits of staff on leaves of absences. Teaching supplies planned for this year were costs that are deferred into next year due to the uncertainty of future funding.

The general fund had total revenues of $34,460,412 and total expenditures of $33,294,628 with a net change in fund balance of $1,165,784 and an ending fund balance of $5,188,377.

Capital Asset and Debt Administration

A. Capital Assets

The district's net investment in capital assets decreased by $2,390,106 during the fiscal year. This can be summarized as follows:

	Balance 7-1-06	Additions	Deductions	Balance 6-30-07
Capital Assets	$119,815,195	$274,754	$0	$120,089,949
Less: Accumulated Depreciation	(26,993,007)	(2,664,860)	0	(29,657,867)
Net Investment Capital Outlay	$92,822,188	($2,390,106)	$0	$90,432,082

Significant additions were the purchase of four buses.

Capital Asset and Debt Administration (Continued)

B. Debt, Principal Payments

The District made principal payments on bonded, long term debt obligations that reduced the amount of the District's long term liabilities as follows:

	Principal Balance 7-1-06	Additions	Deductions	Principal Balance 6-30-07
General Obligation Bonds	$79,434,260	$0	$4,440,000	$74,994,260
Unamortized Deferred Amount on Refunding	(1,320,655)	102,000	0	(1,218,655)
Unamortized Bond Premium	1,078,873	0	83,000	995,873
School Bond Loan Fund	16,794,937	794,333	1,702,408	15,886,862
Compensated Absences	1,233,799	18,480	0	1,252,279
Total Long-Term Debt	$97,221,214	$914,813	$6,225,408	$91,910,619

At June 30, 2007, the District had total bonded debt outstanding of $74,994,260, of which $284,260 is Durant Resolution Bonds, that are a legal obligation of the School District, but an annual State of Michigan appropriation is the only revenue source making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the District is under no obligation for payment.

The District's total long-term debt decreased by $5,310,595 during the current fiscal year.

The District has an "AAA" rating for the general obligation bonds from Moody's and an "AA-" rating from Standard & Poor's.

State statues limit the amount of general obligation debt that a School District may issue to 15 percent of its total assessed valuation (State Equalized Value). The current debt limitation for Dexter Community Schools is significantly in excess of the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 10 on pages 15 - 16 of this report.

Economic Factors and Next Year's Budgets and Rates

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the state sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to equalize the per pupil finance resource disparities among school districts. The State aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation guarantee beginning in fiscal year 1994-1995. The Legislature has appropriated funds to establish a foundation guarantee in 2006-2007 of $7,761 per pupil for Dexter Community Schools, based upon the District's 1993-1994 revenue. In following years the foundation guarantee may be adjusted by an index based upon the change in revenues to the state school aid fund and change in the total number of pupils statewide and the spread between the high and low pupil guarantee will be reduced. The foundation guarantee consists of the locally raised property taxes plus State aid. The source of revenues for the State's contribution to the foundation allowance is derived from a mix of taxing sources, including but not limited to, a statewide property tax of six mills on all property (homestead and non-homestead), a real estate transfer tax, a state sales and use tax, an income tax, gambling revenue, and a tobacco/liquor tax. The funding status for education is volatile.

Economic Factors and Next Year's Budgets and Rates (Continued)
The following factors were considered in preparing District's budgets for the 2007-2008 fiscal year:

* Foundation allowance of $7,861
* Student enrollment increase of 50 students.
* State aid membership count based on 75% September and 25% prior February blend.
* Staff salary increase of 2%.

Requests for Information
This financial report is designed to provide a general overview of the Dexter Community School's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$9,107,316
Investments	789
Accounts Receivable	91,304
Taxes Receivable	367,241
Due from Other Governmental Units	4,857,972
Inventory	30,544
Prepaid Expenses	152,004
Total Current Assets	$14,607,170
NON-CURRENT ASSETS	
Capital Assets	120,089,949
Less: Accumulated Depreciation	(29,657,867)
Total Noncurrent Assets	$90,432,082
TOTAL ASSETS	$105,039,252
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	$366,419
State Aid Note Payable	2,200,000
Accrued Expenses	1,197,124
Salaries Payable	1,848,602
Deferred Revenue	2,508,130
Current Portion of Long-Term Obligations	3,846,000
Total Current Liabilities	$11,966,275
NON-CURRENT LIABILITIES	
Noncurrent Portion of Long-Term Obligations	88,064,619
TOTAL LIABILITIES	$100,030,894
NET ASSETS	
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	(226,258)
Restricted for:	
Debt Retirement	1,848,413
Unrestricted	3,386,203
TOTAL NET ASSETS	$5,008,358
TOTAL LIABILITIES AND NET ASSETS	$105,039,252

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue & Change in Net Assets
Governmental Activities:				
Instruction	$19,410,007	$12,216	$2,733,128	($16,664,663)
Support Services	15,359,881	165,578	3,393,898	(11,800,405)
Community Services	1,140,662	1,010,308	23,195	(107,159)
Food Service	1,409,758	1,386,156	198,516	174,914
Athletics	734,162	155,165	0	(578,997)
Interest - Long-Term Obligations	4,611,277	0	0	(4,611,277)
TOTALS	$42,665,747	$2,729,423	$6,348,737	($33,587,587)

General Revenues:	
Taxes:	
Property Taxes, Levied for General Purposes	13,007,698
State Aid	22,938,916
Investment Earnings	419,808
Miscellaneous	449,865
Total General Revenues and Transfers	$36,816,287
Change in Net Assets	$3,228,700
Net Assets - Beginning	1,779,658
Net Assets - Ending	$5,008,358

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	General Fund	1998 Debt Fund	2003 Debt Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$6,985,457	$1,362,953	$450,983	$307,923	$9,107,316
Investments	789	0	0	0	789
Accounts Receivable	54,074	17,990	5,977	13,263	91,304
Taxes Receivable	356,731	6,375	4,135	0	367,241
Due from Other Funds	0	0	0	4,039	4,039
Due from Other Governmental Units	4,833,108	0	0	24,864	4,857,972
Inventory	0	0	0	30,544	30,544
Prepaid Expenses	150,900	0	0	1,104	152,004
TOTAL ASSETS	$12,381,059	$1,387,318	$461,095	$381,737	$14,611,209
LIABILITIES					
Accounts Payable	$356,780	$0	$0	$9,639	$366,419
State Aid Note Payable	2,200,000	0	0	0	2,200,000
Due to Other Funds	4,039	0	0	0	4,039
Accrued Expenses	468,254	0	0	1,106	469,360
Salaries Payable	1,844,250	0	0	4,352	1,848,602
Deferred Revenue	2,319,359	0	0	147,669	2,467,028
Total Liabilities	$7,192,682	$0	$0	$162,766	$7,355,448
FUND BALANCES					
Reserved For:					
Inventory	0	0	0	30,544	30,544
Debt Retirement	0	1,387,318	461,095	0	1,848,413
Prepaid Expenses	150,900	0	0	1,104	152,004
Designated for Special Purposes	3,312,963	0	0	0	3,312,963
Unreserved:					
Undesignated, Reported In:					
General Fund	1,724,514	0	0	0	1,724,514
School Service Funds	0	0	0	187,323	187,323
Total Fund Balances	$5,188,377	$1,387,318	$461,095	$218,971	$7,255,761
TOTAL LIABILITIES AND FUND BALANCES	$12,381,059	$1,387,318	$461,095	$381,737	$14,611,209

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2007

Total Governmental Fund Balances:		$7,255,761
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $120,089,949 and the accumulated depreciation is $29,657,867		90,432,082
Other long-term assets not available to pay current period expenditures; therefore deferred in the funds		(41,102)
Accrued Interest on Long-Term Deb		(604,643)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds Payable	$74,994,260	
Deferred Amount on Refunding	(1,218,655)	
Unamortized Premium	995,873	
School Bond Loan Fund	15,886,862	
Compensated Absences Payable	1,252,279	
Total Long-Term Liabilities		(91,910,619)
Accrued self-funded insurance is not included as a liability in governmental activities.		(123,121)
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		$5,008,358

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	1998 Debt Fund	2003 Debt Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local Sources	$4,875,365	$5,698,341	$3,719,253	$2,372,288	$16,665,247
State Sources	25,019,017	0	0	43,689	25,062,706
Federal Sources	701,169	0	0	178,022	879,191
Total Revenues	$30,595,551	$5,698,341	$3,719,253	$2,593,999	$42,607,144
EXPENDITURES					
Current:					
Instruction	18,121,924	0	0	0	18,121,924
Student Services	3,311,186	0	0	0	3,311,186
Instructional Support	1,986,821	0	0	0	1,986,821
General Administration	520,447	0	0	0	520,447
School Administration	1,715,091	0	0	0	1,715,091
Business Administration	489,463	0	0	0	489,463
Operation & Maintenance of Plant	3,468,639	0	0	0	3,468,639
Transportation	2,300,526	0	0	0	2,300,526
Other Support Services	83,303	0	0	0	83,303
Community Services	141,463	0	0	0	141,463
Special Revenue	0	0	0	3,143,119	3,143,119
Debt Service					
Principal	0	1,730,000	2,710,000	0	4,440,000
Interest	0	2,834,025	983,260	0	3,817,285
Other	0	6,844	5,386	0	12,230
Capital Outlay	0	0	0	1,853	1,853
Total Expenditures	$32,138,863	$4,570,869	$3,698,646	$3,144,972	$43,553,350
Excess (Deficiency) of Revenue (Under) Expenditures	($1,543,312)	$1,127,472	$20,607	($550,973)	($946,206)
OTHER FINANCING SOURCES (USES)					
Transfers from (to) Other Funds	(577,593)	0	0	577,593	0
Redemption School Bond Loan	0	(986,187)	(716,221)	0	(1,702,408)
Transfers from Other Govt. Units	2,984,761	0	0	0	2,984,761
Prior Period Adjustments	301,928	0	0	2,927	304,855
Total Other Financing Sources (Uses)	$2,709,096	($986,187)	($716,221)	$580,520	$1,587,208
Net Change in Fund Balance	$1,165,784	$141,285	($695,614)	$29,547	$641,002
FUND BALANCE - BEGINNING	4,022,593	1,246,033	1,156,709	189,424	6,614,759
FUND BALANCE - ENDING	$5,188,377	$1,387,318	$461,095	$218,971	$7,255,761

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Total net change in fund balances - governmental funds	$641,002
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation in the current period exceeded capital outlay.	(2,390,106)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.	4,421,000
Net Reduction of Michigan School Bond Loan	908,075
(Increase) in Compensated Absences	(18,480)
Change in accrued interest on long-term liabilities	31,571
Decrease in taxes and other receivables is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	(363,308)
(Increase) in Accrued self-funded health insurance is recorded in the Statement of Activities when incurred; it is not reported in governmental funds until paid.	(1,054)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$3,228,700

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
AS OF JUNE 30, 2007

ASSETS	
Cash and Cash Equivalents	$384,348
LIABILITIES	
Due to Student Groups	$384,348

See accompanying notes to the basic financial statements.

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Local Sources	$5,313,894	$5,502,217	$4,875,365	($626,852)
State Sources	24,458,465	24,504,018	25,019,017	514,999
Federal Sources	698,756	701,221	701,169	(52)
Total Revenues	$30,471,115	$30,707,456	$30,595,551	($111,905)
EXPENDITURES				
Current:				
Instruction	18,138,768	18,701,574	18,121,924	579,650
Student Services	3,505,858	3,344,725	3,311,186	33,539
Instructional Support	1,964,167	2,113,062	1,986,821	126,241
General Administration	564,726	564,520	520,447	44,073
School Administration	1,775,540	1,796,520	1,715,091	81,429
Business Administration	562,605	539,361	489,463	49,898
Operation & Maintenance of Plant	3,636,627	3,716,547	3,468,639	247,908
Transportation	2,401,901	2,437,683	2,300,526	137,157
Other Support Services	92,152	84,581	83,303	1,278
Community Services	130,400	148,307	141,463	6,844
Total Expenditures	$32,772,744	$33,446,880	$32,138,863	$1,308,017
Excess of Revenues Over Expenditures	($2,301,629)	($2,739,424)	($1,543,312)	$1,196,112
OTHER FINANCING SOURCES (USES)				
Transfers to Other Funds	2,108,237	2,311,870	2,709,096	397,226
Net Change in Fund Balance	($193,392)	($427,554)	$1,165,784	$1,593,338
FUND BALANCE - BEGINNING			4,022,593	
FUND BALANCE - ENDING			$5,188,377	

See accompanying notes to the basic financial statements.

1) REPORTING ENTITY

The basic financial statements of the Dexter Community Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dexter Community Schools conform to generally accepted accounting principles as applicable to school districts. The following is a summary of the significant accounting policies:

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A Management Discussion and Analysis (MD&A) section to provide an analysis of the District's overall financial position and results of operations.

Financial statements prepared with full accrual accounting for all of the District's activities.

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements and notes to the financial statements.

A) BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities. Fiduciary funds are not included in the government-wide financial statements.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full-accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets net of related debt; restricted net assets; and unrestricted net assets. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. General government revenues also support the functions. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs by function are normally covered by general revenue (property taxes, state and federal sources, interest income, etc.).

The District does not allocate indirect costs. Inter-fund transactions have been eliminated in the government-wide financial statements.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B) BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the general-purpose financial statements in this report, into five generic fund types in two broad fund categories as follows:

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund

The General Fund is used to record the general operations of the District pertaining to education and those operations not provided for in other funds.

Special Revenue Funds

Special Revenue Funds are used to segregate the transactions of particular activities from regular revenue and expenditure accounts. The District maintains full control of these funds. The District maintains three school service funds: Food Service, Athletic and Community Service Funds.

Debt Retirement Fund

The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling and repairs.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The District’s fiduciary funds consist of agency funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are used to account for amount held for student and employee groups.

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Accrual

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C) BASIS OF ACCOUNTING/MEASUREMENT FOCUS (Continued)

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt is recognized when due.

Those revenues susceptible to accrual are property taxes, state aid, interest revenue, grants and charges for services. Other revenue is recorded when received.

The District reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools and No. 40 Deposits and Investment Risk Disclosures.* Under these standards, certain investments are value at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are value at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statues authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by no less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

E) PREPAID ASSETS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F) INVENTORY

On government-wide financial statements are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a $5,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	20 – 50 years
Furniture and Equipment	5 – 20 years
Vehicles and Buses	5 – 10 years

H) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

I) COMPENSATED ABSENCES

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgements, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

K) FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories.

L) NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

M) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles generally requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N) BUDGETARY DATA

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1) Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.

2) A public hearing is conducted during June to obtain taxpayer comments.

3) Prior to June 30, the budget is legally enacted through passage of a resolution.

4) For purposes of meeting emergency needs of the School District, transfer of appropriations may be made by the authorization of the Superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) BUDGETARY DATA (Continued)

5) The School Superintendent is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.

6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

3) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – BUDGET VIOLATIONS
1968 PA 2 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the District for these budgetary funds were adopted to the activity level.

4) DEPOSITS AND INVESTMENTS
As of June 30, 2007, the District had the following investments.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF External Investment Pool - MICMS	$772	0.0027	AAAm	97.85%
MILAF External Investment Pool - MIMAX	17	0.0027	AAAm	2.15%
Total fair value	$ 789			100.00%
Portfolio weighted average maturity		0.0027		

1 day maturity equals 0.0027, one year equals 1.00.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the District's investment in the investment pool was rated AAA by Standards & Poor's and AAA by Moody's Investors Service.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized More than 5% of the District's investments are in pooled investment accounts which represents 100% of the District's total investments.

4) DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, $8,197,855 of the District's bank balance of $9,491,121 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The above amounts as previously report in Note 4:

Deposits – Including Fiduciary Funds of $384,348	$ 9,491,664
Investments	789
TOTAL	$ 9,492,453

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	$ 384,348
Cash – District Wide	9,107,316
Investments – District Wide	789
TOTAL	$ 9,492,453

5) PROPERTY TAXES

The School District levies its property taxes on December 1 and various municipalities collect its property taxes and remit them to the District through February. The delinquent real property taxes of the District are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the District for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

For the year ended June 30, 2007, the District levied the following amounts per $1,000 of assessed valuation:

General Fund – Non-Homestead	18.000
Debt Funds – Homestead and Non-Homestead	8.500

6) RECEIVABLES

Receivables at June 30, 2007, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

6) RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

GOVERNMENTAL ACTIVITIES	AMOUNT
State Aid	$ 4,110,645
Grants Other	552,251
DDA/ TIFA Recapture Receivable	195,076
TOTAL GOVERNMENTAL ACTIVITIES	$ 4,857,972

7) UNEMPLOYMENT COMPENSATION

The District is subject to the Michigan Employment Security Act and has elected the reimbursement method of financing. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District for the year. As of June 30, 2007, the School District had $11,108 in estimated claims in conjunction with the program.

8) SHORT-TERM DEBT

The District borrowed $2,200,000 at 3.68% per annum on August 18, 2006 on a State Aid Anticipation Note. The short-term note proceeds were used to meet cash flow needs. The balance as of June 30, 2007 was $2,200,000. The note matures August 20, 2007.

	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
State Aid Note	$3,000,000	$2,200,000	$3,000,000	$2,200,000

9) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	BALANCE JULY 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2007
GOVERNMENTAL ACTIVITIES				
Land	$2,591,902	$0	$0	$2,591,902
Buildings and Improvements	113,625,402	1,700	0	113,627,102
Equipment and Furniture	1,601,688	17,648	0	1,619,336
Vehicles	1,996,203	255,406	0	2,251,609
Totals at Historical Cost	$119,815,195	$274,754	$0	$120,089,949
Less: Accumulated Depreciation				
Buildings and Improvements	(25,276,136)	(2,304,074)	0	(27,580,210)
Equipment and Furniture	(674,991)	(165,594)	0	(840,585)
Vehicles	(1,041,880)	(195,192)	0	(1,237,072)
Total Accumulated Depreciation	($26,993,007)	($2,664,860)	$0	($29,657,867)
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	$92,822,188	($2,390,106)	$0	$90,432,082

Depreciation expense, when appropriate, was allocated to governmental functions. Depreciation expense that was not allocated appears on the statement of activities as "unallocated". Depreciation was recorded on the statement of activities as follows:

Instruction	$ 1,287,029
Support Services	1,377,831
TOTAL DEPRECIATION EXPENSE	$ 2,664,860

10) LONG-TERM LIABILITIES

A) 1998 SCHOOL BUILDING AND SITE BONDS

On April 20, 1998, Dexter Community Schools issued School Building and Site Bonds, in the amount of $69,600,000, bearing interest at rates varying from 4.70% to 6.25% per annum. The balance of the bonds as of June 30, 2007 was $54,030,000.

B) 2003 REFUNDING BONDS

On March 26, 2003, Dexter Community Schools issued School Building and Site Bonds, in the amount of $30,210,000, bearing interest at rates varying from 2.50% to 5.00% per annum. The balance of the bonds as of June 30, 2007 was $20,680,000.

C) DURANT RESOLUTION PACKAGE BONDS

Dexter Community Schools issued Durant Resolution Bonds on November 24, 1998 in the amount of $481,417 at the interest rate of 4.7613%. The bonds are a legal obligation of the school district but the annual State of Michigan appropriation is the only revenue source for making the annual debt service payments on the bonds. If the legislature fails to appropriate the bonds, the district is under no obligation for payment. The balance at June 30, 2007 was $284,260.

D) MICHIGAN SCHOOL BOND LOAN FUND

The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of $794,333 has been assessed for the year ended June 30, 2007, and is included in the amount owing the State at that date. The balance payable at June 30, 2007 was $15,886,862.

E) Debt service requirements at June 30, 2007, were as follows:

YEAR ENDED JUNE 30,	BONDS	INTEREST	TOTAL
2008	$3,865,000	$3,627,860	$7,492,860
2009	4,246,792	3,441,350	7,688,142
2010	4,408,067	3,265,224	7,673,291
2011	4,439,404	3,076,788	7,516,192
2012	4,557,728	2,931,997	7,489,725
2013-2017	20,992,269	11,316,861	32,309,130
2018-2022	16,735,000	6,227,270	22,962,270
2023-2027	13,125,000	2,674,875	15,799,875
2028	2,625,000	133,875	2,758,875
TOTAL	$74,994,260	$36,696,100	$111,690,360

10) LONG-TERM LIABILITIES (Continued)

F) CHANGES IN LONG-TERM LIABILITIES

Governmental Activities:	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007	Amount Due in One Year
School Bond Loan Fund	$16,794,937	$794,333	$1,702,408	$15,886,862	$0
Deferred Amount on Refunding	(1,320,655)	102,000	0	(1,218,655)	(102,000)
Unamortized Premium	1,078,873	0	83,000	995,873	83,000
Building & Site Bonds	79,434,260	0	4,440,000	74,994,260	3,865,000
Compensated Absences	1,233,799	18,480	0	1,252,279	0
Total Governmental Activities	$97,221,214	$914,813	$6,225,408	$91,910,619	$3,846,000

The payment dates of sick days payable are undeterminable. The interest expenditures on long-term obligations for the year were $3,817,285.

11) DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded approximately $1,864,740 in deferred revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and LDFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned	Total
Sec. 99C Middle School Math & Science	$31,748	$0	$31,748
Sec. 31A At Risk	11,478	0	11,478
Due from DDA/TIFA Current Year	213,267	0	213,267
Due from State for DDA/TIFA	195,076	0	195,076
Future State Aid Adjustment for Prior Year DDA/TIFA Captures	1,864,740	0	1,864,740
Fees	0	150,719	150,719
TOTAL	$2,316,309	$150,719	$2,467,028

The District has also recognized $301,928 as a prior period revenue adjustment for the correction of the DDA/TIFA overcapture issue.

12) FUND BALANCE DESIGNATIONS

Portions of fund equity are designated for future specific uses as follows:

Health Insurance Claims	$188,393
Supply Carryover	144,570
Equipment Maintenance	50,000
Facilities	700,000
Instruction Equipment	1,150,000
Retirement/Severance	660,000
Transportation	320,000
Technology Equipment	100,000
TOTAL	$3,312,963

13) INTERFUND BALANCES

Interfund balances at June 30, 2007 consisted of the following:

	DUE FROM		
DUE TO	Food Service	Community Service	Total
General Fund	$1,181	$2,858	$4,039

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

14) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2007, consisted of the following:

	TRANSFERS FROM			
TRANSFERS TO	General Fund	Food Service	Community Service	Total
General Fund	$0	$141,030	$76,147	$217,177
Athletics Fund	562,593	0	0	562,593
Community Service Fund	232,177	0	0	232,177
TOTAL	$794,770	$141,030	$76,147	$1,011,947

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

15) DEFINED BENEFIT PENSION PLAN

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at 7150 Harris Drive, PO Box 30673, Lansing, MI 48909-8103.

Funding Policy

Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for the period October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but contribute to a member investment plan (MIP) at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS pension plan for the years ended June 30, 2007, 2006 and 2005 were approximately $3,677,454, $3,239,000, and $2,755,000, respectively.

15) DEFINED BENEFIT PENSION PLAN (Continued)

Postemployment Benefits
Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for postemployment health care benefits are included as part of the School District's total contribution to the MPSERS pension plan discussed above.

16) RISK MANAGEMENT
The District is exposed to various risks of loss in conducting its operations, from property and casualty, theft, damage to various tort and liability claims and workman's compensation claims. The District limits its exposure to such claims through its participation in and payments of premiums to M.A.I.S.L. Joint Management Trust and SET-SEG, Inc. Insurance Trust. The pools maintain loss funds and are also required by the terms of the participation agreements to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pool indicate that, should losses of the pools incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss funds have exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in these pools provide sufficient coverage to protect the District from significant adverse financial impact.

17) GOVERNMENTAL REGULATION
Substantially all of the school district's facilities are subject to federal, state and local provisions regulating the discharge of materials into the environment. Compliance with these provisions has not had, nor does the school district expect such compliance to have, any material effect upon the capital expenditures, net revenue in excess of expenditures or financial condition of the school district. Management believes that its current practices and procedures for the control and disposition of such wastes comply with applicable federal and state requirements.

18) CONTINGENCIES AND COMMITMENTS
The District participates in a number of federally assisted grant programs. These programs are subject to program compliance audits. The audits of these programs for and including the year ended June 30, 2007, have been conducted and have been reported in this audit report. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

19) SUBSEQUENT EVENTS
The District borrowed $2,500,000 on a State Aid Anticipated note on August 20, 2007 from the Michigan Municipal Bond Authority at 3.68% interest. The note is due August 20, 2008.

OTHER SUPPLEMENTAL

INFORMATION

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
AS OF JUNE 30, 2007

	Special Revenue Fund	1998 Construction Fund	Total Other Governmental Funds
ASSETS			
Cash and Cash Equivalents	$307,923	$0	$307,923
Accounts Receivable	13,263	0	13,263
Due from Other Funds	4,039	0	4,039
Due from Other Governmental Units	24,864	0	24,864
Inventory	30,544	0	30,544
Prepaid Expenses	1,104	0	1,104
TOTAL ASSETS	$381,737	$0	$381,737
LIABILITIES			
Accounts Payable	$9,639	$0	$9,639
Accrued Expenses	1,106	0	1,106
Salaries Payable	4,352	0	4,352
Deferred Revenue	147,669	0	147,669
Total Liabilities	$162,766	$0	$162,766
FUND BALANCES			
Reserved For:			
Inventory	30,544	0	30,544
Prepaid Expenses	1,104	0	1,104
Unreserved:			
Undesignated, Reported In:			
School Service Fund	187,323	0	187,323
Total Fund Balances	$218,971	$0	$218,971
TOTAL LIABILITIES AND FUND BALANCES	$381,737	$0	$381,737

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Fund	1998 Construction Fund	Total Other Governmental Funds
REVENUES			
Local Sources	$2,372,234	$54	$2,372,288
State Sources	43,689	0	43,689
Federal Sources	178,022	0	178,022
Total Revenues	$2,593,945	$54	$2,593,999
OTHER FINANCING SOURCES			
Transfers from General Fund	577,593	0	577,593
Prior Period Adjustments	2,927	0	2,927
Total Other Financing Sources	$580,520	$0	$580,520
Total Revenues & Other Financing Sources	$3,174,465	$54	$3,174,519
EXPENDITURES			
Special Revenue	3,143,119	0	3,143,119
Capital Outlay	0	1,853	1,853
Total Expenditures	$3,143,119	$1,853	$3,144,972
Net Change in Fund Balance	$31,346	($1,799)	$29,547
NET ASSETS - BEGINNING	187,625	1,799	189,424
NET ASSETS - ENDING	$218,971	$0	$218,971

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUND
AS OF JUNE 30, 2007

	Food Services Fund	Athletic Fund	Community Service Fund	Total
ASSETS				
Cash and Cash Equivalents	$93,136	$1,075	$213,712	$307,923
Accounts Receivable	2,640	0	10,623	13,263
Due from Other Funds	1,181	0	2,858	4,039
Due from Other Governmental Units	21,262	0	3,602	24,864
Inventory	30,544	0	0	30,544
Prepaid Expenses	980	0	124	1,104
TOTAL ASSETS	$149,743	$1,075	$230,919	$381,737
LIABILITIES				
Accounts Payable	$398	$0	$9,241	$9,639
Accrued Expenses	517	218	371	1,106
Salaries Payable	2,035	857	1,460	4,352
Deferred Revenue	28,359	0	119,310	147,669
Total Liabilities	$31,309	$1,075	$130,382	$162,766
FUND BALANCES				
Fund Balance - Reserved for Inventory	30,544	0	0	30,544
Fund Balance - Unreserved and Undesignated	87,890	0	100,537	188,427
Total Fund Balance	$118,434	$0	$100,537	$218,971
TOTAL LIABILITIES AND FUND BALANCES	$149,743	$1,075	$230,919	$381,737

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	Food Services Fund	Athletic Fund	Community Service Fund	Total
REVENUES				
Local Sources				
Cafeteria Sales	$1,386,156	$0	$0	$1,386,156
Athletic Activities	0	155,165	0	155,165
Earnings on Investments and Deposits	7,063	0	9,011	16,074
Other Local Revenues	5,434	16,404	793,001	814,839
Total Local Sources	$1,398,653	$171,569	$802,012	$2,372,234
State Sources				
State Reimbursements	20,494	0	23,195	43,689
Federal Sources				
Federal Reimbursements	129,978	0	0	129,978
Commodities	48,044	0	0	48,044
Total Federal Sources	$178,022	$0	$0	$178,022
Total Revenues	$1,597,169	$171,569	$825,207	$2,593,945
OTHER FINANCING SOURCES				
Transfers from General Func	0	562,593	232,177	794,770
Prior Period Adjustments	0	0	2,927	2,927
Total Other Financing Sources	$0	$562,593	$235,104	$797,697
Total Revenues & Other Financing Sources	$1,597,169	$734,162	$1,060,311	$3,391,642
EXPENDITURES				
Salaries - Professional	96,155	86,604	198,470	381,229
Salaries - Non-Professional	369,068	290,822	250,163	910,053
Insurances	90,809	29,133	47,957	167,899
Fica, Retirement, Etc.	116,203	95,319	106,287	317,809
Other Benefits	474	0	0	474
Purchased Services	27,642	161,945	242,642	432,229
Supplies and Materials	689,953	58,710	147,100	895,763
Capital Outlay	19,407	0	1,689	21,096
Other	47	11,629	4,891	16,567
Total Expenditures	$1,409,758	$734,162	$999,199	$3,143,119
OTHER FINANCING USES				
Transfers to Other Funds	141,030	0	76,147	217,177
Total Expenditures and Other Financing Uses	$1,550,788	$734,162	$1,075,346	$3,360,296
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$46,381	$0	($15,035)	$31,346
FUND BALANCE - BEGINNING OF YEAR	72,053	0	115,572	187,625
FUND BALANCE - END OF YEAR	$118,434	$0	$100,537	$218,971

INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES AND OTHER FINANCING USES

SCHEDULE 1

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

REVENUES FROM	
Local Sources	
Property Taxes	$4,127,504
Earnings on Investments and Deposits	229,588
Tuition	12,216
Transportation	121,471
Rentals	40,998
Fees	217,307
Other Local Revenues	126,281
Total Revenues from Local Sources	$4,875,365
State Sources	
State Aid - Membership - Sec. 20	22,938,916
At Risk	108,225
Special Education	1,903,251
Vocational Education	658
Other State Grants	19,825
Durant	48,142
Total Revenues from State Sources	$25,019,017
Federal Sources	
Special Ed	613,989
Title V	725
Improving Teacher Quality	66,532
Grants from ISD	19,923
Total Revenues from Federal Sources	$701,169
Total Revenues	$30,595,551
OTHER FINANCING SOURCES	
County Special Education Tax	3,163,324
Transfers from Other Funds	217,177
Prior Period Adjustment for TIFA/DDA Overcapture	301,928
Transfers from Other Governmental Units	182,432
Total Other Financing Sources	$3,864,861
TOTAL REVENUES AND OTHER FINANCING SOURCES	$34,460,412

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTION	
BASIC PROGRAMS	
Elementary	
Salaries - Professional	$3,705,394
Salaries - Non-Professional	118,164
Insurances	538,417
Fica, Retirement, Etc.	958,937
Purchased Services	4,816
Supplies and Materials	186,425
Capital Outlay	1,604
Other	2,536
Total Elementary	$5,516,293
Middle/Junior High	
Salaries - Professional	3,302,129
Salaries - Non-Professional	169,657
Insurances	534,342
Fica, Retirement, Etc.	875,227
Purchased Services	13,747
Supplies and Materials	104,518
Other	2,592
Total Middle/Junior High	$5,002,212
High School	
Salaries - Professional	2,823,912
Salaries - Non-Professional	312,823
Insurances	437,029
Fica, Retirement, Etc.	786,839
Purchased Services	23,090
Supplies and Materials	142,091
Other	1,268
Total High School	$4,527,052
Summer School	
Salaries - Professional	314
Fica, Retirement, Etc.	75
Total Summer School	$389
Total Basic Programs	$15,045,946

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

INSTRUCTION (Continued)	
ADDED NEEDS	
SPECIAL EDUCATION	
Salaries - Professional	$1,029,846
Salaries - Non-Professional	1,043,261
Insurances	194,264
Fica, Retirement, Etc.	506,625
Purchased Services	6,427
Supplies and Materials	25,658
Capital Outlay	4,986
Other	6,717
Total Special Education	$2,817,784
COMPENSATORY EDUCATION	
Salaries - Professional	79,475
Insurances	10,444
Fica, Retirement, Etc.	20,098
Purchased Services	19
Supplies and Materials	409
Total Compensatory Education	$110,445
VOCATIONAL EDUCATION	
Salaries - Professional	106,685
Insurances	13,302
Fica, Retirement, Etc.	26,968
Supplies and Materials	794
Total Vocational Education	$147,749
Total Added Needs	$3,075,978
Total Instruction	$18,121,924
SUPPORT SERVICES	
STUDENT SERVICES	
Salaries - Professional	2,077,616
Salaries - Non-Professional	119,929
Insurances	331,399
Fica, Retirement, Etc.	544,820
Purchased Services	217,956
Supplies and Materials	19,466
Total Student Services	$3,311,186

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)	
INSTRUCTIONAL STAFF	
Salaries - Professional	$861,145
Salaries - Non-Professional	281,969
Insurances	180,918
Fica, Retirement, Etc.	289,553
Purchased Services	176,603
Supplies and Materials	48,781
Capital Outlay	147,852
Total Instructional Staff	$1,986,821
GENERAL ADMINISTRATION	
Salaries - Professional	228,855
Salaries - Non-Professional	58,845
Insurances	48,845
Fica, Retirement, Etc.	84,351
Purchased Services	78,250
Supplies and Materials	3,323
Other	17,978
Total General Administration	$520,447
SCHOOL ADMINISTRATION	
Salaries - Professional	710,878
Salaries - Non-Professional	426,759
Insurances	226,781
Fica, Retirement, Etc.	290,222
Other Benefits	293
Purchased Services	34,991
Supplies and Materials	16,936
Other	8,231
Total School Administration	$1,715,091
BUSINESS ADMINISTRATION	
Salaries - Professional	173,708
Salaries - Non-Professional	79,498
Insurances	54,354
Fica, Retirement, Etc.	64,995
Purchased Services	18,431
Supplies and Materials	6,103
Capital Outlay	1,558
Other	90,816
Total Business Administration	$489,463
OPERATION AND MAINTENANCE OF PLANT	
Salaries - Professional	70,454
Salaries - Non-Professional	845,109
Insurances	249,358
Fica, Retirement, Etc.	230,193
Purchased Services	759,320
Supplies and Materials	1,299,046
Capital Outlay	15,159
Total Operation and Maintenance of Plant	$3,468,639

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2007

SUPPORT SERVICES (Continued)	
TRANSPORTATION	
Salaries - Professional	$65,034
Salaries - Non-Professional	1,043,219
Insurances	326,062
Fica, Retirement, Etc.	279,873
Other Benefits	8,105
Purchased Services	73,502
Supplies and Materials	239,982
Capital Outlay	261,057
Other	3,692
Total Transportation	$2,300,526
OTHER SUPPORT SERVICES	
Salaries - Non-Professional	37,020
Insurances	10,145
Fica, Retirement, Etc.	9,278
Purchased Services	2,025
Supplies and Materials	2,098
Other	22,737
Total Transportation	$83,303
Total Support Services	$13,875,476
COMMUNITY SERVICES	
Salaries - Professional	93,646
Salaries - Non-Professional	(172)
Insurances	9,558
Fica, Retirement, Etc.	23,613
Other Benefits	648
Purchased Services	7,380
Supplies and Materials	6,790
Total Community Services	$141,463
Total Expenditures	$32,138,863
OTHER FINANCING USES	
Transfers to Other Funds	794,770
Transfers to Other Districts	360,995
Total Other Financing Uses	$1,155,765
TOTAL EXPENDITURES AND OTHER FINANCING USES	$33,294,628

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - November 24, 1998 Original amount of issue - $481,417

1998 DURANT RESOLUTION PACKAGE BONDS

	INTEREST RATE	PRINCIPAL REQUIREMENT	INTEREST REQUIREMENT	TOTAL PAYMENT
PAYMENT DATE - MAY 15TH				
2008	4.761353%	$0	$0	$0
2009	4.761353%	26,792	7,015	33,807
2010	4.761353%	28,067	5,739	33,806
2011	4.761353%	29,404	4,403	33,807
2012	4.761353%	167,728	59,412	227,140
2013	4.761353%	32,269	1,536	33,805
TOTAL		$284,260	$78,105	$362,365

DATE OF ISSUE - April 20, 1998 Original amount of issue - $69,600,000

1998 SCHOOL BUILDING AND SITE BONDS

	INTEREST RATE	PRINCIPAL REQUIREMENT	NOVEMBER INTEREST REQUIREMENT	MAY INTEREST REQUIREMENT	TOTAL PAYMENT
PAYMENT DATE					
2007-2008	6.25%	$1,730,000	$1,362,950	$1,362,950	$4,455,900
2008-2009	4.70%	2,600,000	1,308,888	1,308,887	5,217,775
2009-2010	4.80%	2,600,000	1,247,787	1,247,788	5,095,575
2010-2011	4.90%	2,600,000	1,185,388	1,185,387	4,970,775
2011-2012	5.00%	2,600,000	1,121,687	1,121,688	4,843,375
2012-2013	5.00%	2,600,000	1,056,688	1,056,687	4,713,375
2013-2014	5.00%	2,600,000	991,687	991,688	4,583,375
2014-2015	5.00%	2,600,000	926,688	926,687	4,453,375
2015-2016	5.00%	2,600,000	861,687	861,688	4,323,375
2016-2017	5.10%	2,625,000	796,688	796,687	4,218,375
2017-2018	5.10%	2,625,000	729,750	729,750	4,084,500
2018-2019	5.00%	2,625,000	662,813	662,812	3,950,625
2019-2020	5.00%	2,625,000	597,187	597,188	3,819,375
2020-2021	5.00%	2,625,000	531,562	531,563	3,688,125
2021-2022	5.00%	2,625,000	465,937	465,938	3,556,875
2022-2023	5.00%	2,625,000	400,313	400,312	3,425,625
2023-2024	5.10%	2,625,000	334,687	334,688	3,294,375
2024-2025	5.10%	2,625,000	267,750	267,750	3,160,500
2025-2026	5.10%	2,625,000	200,813	200,812	3,026,625
2026-2027	5.10%	2,625,000	133,875	133,875	2,892,750
2027-2028	5.10%	2,625,000	66,937	66,938	2,758,875
TOTAL		$54,030,000	$15,251,762	$15,251,763	$84,533,525

DEXTER COMMUNITY SCHOOLS - DEXTER, MICHIGAN
SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2007

DATE OF ISSUE - March 26, 2003 Original amount of issue - $30,210,000

	2003 REFUNDING BONDS				
PAYMENT DATE	INTEREST RATE	PRINCIPAL REQUIREMENT	NOVEMBER INTEREST REQUIREMENT	MAY INTEREST REQUIREMENT	TOTAL PAYMENT
2007-2008	4.00%	$2,135,000	$450,980	$450,980	$3,036,960
2008-2009	3.25%	1,620,000	408,280	408,280	2,436,560
2009-2010	3.50%	1,780,000	381,955	381,955	2,543,910
2010-2011	4.00%	1,810,000	350,805	350,805	2,511,610
2011-2012	4.00%	1,790,000	314,605	314,605	2,419,210
2012-2013	5.00%	1,885,000	278,805	278,805	2,442,610
2013-2014	4.00%	780,000	231,680	231,680	1,243,360
2014-2015	5.00%	1,770,000	216,080	216,080	2,202,160
2015-2016	5.00%	1,840,000	171,830	171,830	2,183,660
2016-2017	5.00%	1,660,000	125,830	125,830	1,911,660
2017-2018	4.00%	1,955,000	87,630	87,630	2,130,260
2018-2019	5.00%	1,655,000	38,755	38,755	1,732,510
TOTAL		$20,680,000	$3,057,235	$3,057,235	$26,794,470